

Message Text

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ACTION EUR-12

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UNCLAS SECTION 1 OF 2 EC BRUSSELS 06748/1

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SUBJECT: EUROPEAN PARLIAMENT DEBATES US-EC TRADE RELATIONS

1. SUMMARY: AT ITS JULY 8 SESSION IN LUXEMBOURG, THE EUROPEAN PARLIAMENT DEBATED THE QUESTION OF US-EC TRADE RELATIONS. THE DEBATE WAS PROMPTED BY AN ORAL QUESTION POSED BY MEMBERS OF THE EUROPEAN PROGRESSIVE DEMOCRAT GROUP (GAULLIST AND IRISH FIANNA FAIL) ENTITLED "DETERIORATION IN EEC-US TRADE RELATIONS". EC COMMISSION VICE PRESIDENT SIR CHRISTOPHER SOAMES AND LEADING MP'S IN THE SOCIALIST, CHRISTIAN DEMOCRAT, AND CONSERVATIVE GROUPS IN THE PARLIAMENT JOINED IN ATTACKING THE FRAMERS OF THE ORAL QUESTION AND IN PRAISING THE US ADMINISTRATION FOR ITS SUCCESSFUL EFFORTS IN RESISTING PROTECTIONIST PRESSURES. OTHER THAN M.P. HERBERT (EPD, IRELAND) WHO WAS ONE OF THE DRAFTERS OF THE QUESTION, PARTICIPANTS IN THE DEBATE GENERALLY PRAISED THE CURRENT STATE OF US-EC RELATIONS. SIR CHRISTOPHER WAS ROUNDLY APPLAUDED FOR HIS INTERVENTION. END SUMMARY.

2. IRISH EPD DEPUTY HERBERT INITIATED THE DEBATE BY CITING U.S. ACTIONS DURING THE PAST 12 MONTHS PARTICULARLY IN THE CASE OF AUTOMOBILES, SPECIALIZED STEEL
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AND IRISH BEEF, AS INDICATING THAT THE U.S. IS REVERTING TO PRO-

TECTIONISM.HE SAID THESE ACTIONS HAVE CAUSED A SERIOUS DETERIORATION IN RELATIONS BETWEEN THE U.S. AND THE COMMUNITY WHICH COULD HAVE SERIOUS ECONOMIC AS WELL AS POLITICAL CONSEQUENCES AND DEVASTATING EFFECTS ON THE WORLD'S TRADE BALANCE. HERBERT CONCLUDED BY CONCEDED,HOWEVER,THAT RECENT DEVELOPMENTS IN SHOES AND AUTOMOBILES OFFERED HOPE THAT US-EC RELATIONS CAN BE NORMALIZED,HOPEFULLY FOR THE MUTUAL BENEFIT OF BOTH.

3. SOAMES,SPEAKING ON BEHALF OF THE EC COMMISSON WAS AT HIS ELOQUENT BEST IN REFUTING HERBERT'S REMARKS AND PRESENTING HIS VIEWS OF THE CURRENT STATE OF PLAY IN US-EC TRADE RELATIONS.HE TOLD THE PARLIAMENTARIANS THAT SINCE THE COMMUNITY AND THE UNITED STATES ARE THE TWO MOST POWERFUL ECONOMIC AND TRADING ENTITIES IN THE WORLD, "INEVITABLY THERE ARE POINTS OF DIFFERENCE AND DISAGREEMENT BETWEEN US." HE SAID IT WAS VITALLY IMPORTANT THAT THE COMMUNITY GET ITS RELATIONSHIP WITH THE US RIGHT.THE COMMUNITY COULD START,HE SUGGEESTED,BY RECOGNIZING THE UNDAMENTAL IDENTITY OF VIEWS AND INTERESTS WHICH EXISTS,THE BASIS OF WHICH "LIES IN OUR SHARED COMMITMENT TO THE EXPANSION OF INTERNATIONAL TRADE."

4. PROTECTIONISM AND RECESSION.REFERRING TO THE PAINFUL CONSEQUENCES OF THE RECESSION AND PARTICULARLY ITS IMPACT ON EMPLOYMENT,SOAMES STATED THAT BECAUSE THE COMMUNITY AND THE UNITED STATES SHARE A COMMON PHILOSOPHY AND A COMMON INTEREST IN TRADE EXPANSION "OUR GOVERNMENTS AND LEADERS MUST FIND THE WILL TO RESIST PROTECTIONIST PRESSURES IN HARD TIMES AND TO WORK CONSISTENTLY FOR A MORE OPEN WORLD TRADING ORDER." HE SUBSEQUENTLY CITED SIGNS THAT THE WORLD ECONOMY IS EMERGING FROM RECESSION.ALTHOUGH UNEMPLOYMENT CONTINUES AT AN UNACCEPTABLY HIGH LEVEL,HE SAID,THE FORCES OF RECOVERY THAT WILL REDUCE IT ARE ALREADY AT WORK.

5. SOMAES THEN ASSERTED THAT THE REGULATION OF TRADE
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MUST INEVITABLY REFLECT A BALANCE BETWEEN NATIONAL AND SECTIONAL INTERESTS AND INTERNATIONAL RESPONSIBILITIES AND NO DEMOCRATIC COUNTRY COULD EVER AFFORD TO UNDERTAKE INTERNATIONAL RESPONSIBILITIES WHICH RAN COUNTER TO ITS OWN LONG-TERM NATIONAL INTERESTS AND WHICH IGNORED THE NEEDS OF ITS OWN ECONOMY.HE POINTED OUT THAT THE TROUBLE IS THAT IN THE U.S. THE QUESTION OF WHERE THE BALANCE OF INTERESTS AND RESPONSIBILITIES SHOULD BE STRUCK IS CAUGHT UP WITH THE QUESTION OF THE PROPER

BALANCE BETWEEN THE THREE BRANCHES OF GOVERNMENT. " THIS GREAT
THEME IS A MATTER OF AMERICAN DOMESTIC POLITICS AND IN THIS
HOUSE WE CANNOT BUT ADMIRE THE EFFORTS OF THE GREAT
AMERICAN DEMOCRACY TO RESOLVE THE PERENNIALY INTRACTABLE
PROBLEMS OF ACCOUNTABILITY AND OPENNESS IN GOVERNMENT DECISION-
MAKING."

6. TRADE ACT. SOAMES THEN CITED RECENT US ACTIONS IN THE SHOES AND
AUTOMOBILE DUMPING CASES AS PROOF OF THE USG'S CONTINUING AT-
TACHMENT TO THE PRINCIPLES OF OPEN INTERNATIONAL TRADE. "
"NEVERTHELESS," HE ADDED, " THE QUESTION OF WHETHER THE MACHINERY
OF THE TRADE ACT IS CAPABLE OF YIELDING SUCH A BALANCED
VIEW CONSISTENTLY AND IN THE LONG TERM, CONTINUES TO
WEIGH ON US-EC TRADE RELATIONS." HE MENTIONED THE
SPECIALTY STEEL SITUATION AS A CASE IN POINT. " WE MUST TAKE INTO
ACCOUNT, " HE SAID, " THOSE ISSUES WHICH ARE OR HAVE BEEN IN DISPUTE
BETWEEN THE US AND THE COMMUNITY WHERE DOMESTIC LEGISLATION MAKES
POSSIBLE AND EVEN REQUIRES THE IMPOSITION OF COUNTERVAILING
DUTIES WITHOUT ANY CONSIDERATION BEING GIVEN TO THE QUESTION
OF INJURY."

7. SOAMES, IN DISCUSSING AMERICAN MISGIVINGS ABOUT THE

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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INCREASING ROLE OF THE STATE IN THE MANAGEMENT OF THE

VARIOUS ECONOMIES IN THE OPEN WORLD TRADING SYSTEM, STATED THAT IT IS IMPORTANT THE GREATEST POSSIBLE DEGREE OF TRANSPARENCY SHOULD EXIST AND THAT THE EFFECTS OF STATE INTERVENTION UPON INTERNATIONAL TRADE SHOULD BE SUBJECT TO THE TESTS FREELY NEGOTIATED ON THE PRINCIPLE ALREADY PROVIDED BY GATT, NAMELY WHETHER A SPECIFIC INTERVENTION IS INJURING COMPETING INDUSTRIES IN OTHER COUNTRIES BY DISTURBING THE FLOW OF TRADE. HE ADDED THAT STATE AIDS DESIGNED TO MEET IMPORTANT DOMESTIC SOCIAL OR ECONOMIC NEEDS, SHOULD NOT BE SUCH AS TO HAVE INJURIOUS SIDE EFFECTS UPON INTERNATIONAL TRADE.

8. HE THEN TURNED TO THE CAP SAYING THAT IT IS DIS-QUIETING TO CONTINUE TO HEAR FROM THE OTHER SIDE OF THE ATLANTIC CRITICISM OF THE CAP AND SUGGESTIONS THAT IT IS SOMEHOW AN ATTAINABLE AND DESIRABLE OBJECTIVE OF US POLICY TO UNDERMINE IT. HE SAID HE WOULD NOT ATTEMPT A DETAILED DEFENSE OF CAP WHICH "HAS ITS GOOD POINTS AND BAD POINTS." BUT THE SIMPLE FACT IS THAT IT IS A POLICY WHICH REFLECTS THE POLITICAL, SOCIAL AND ECONOMIC SITUATION IN THE COMMUNITY AND AS SUCH IS NOT IN ITSELF NEGOTIABLE." UNCLASSIFIED

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9. SOMAES IN CONCLUSION SAID THAT HE HAD TRIED TO CONVEY THE UNDERLYING ANXIETIES OF THE COMMUNITY VIS-A-VIS AMERICAN TRADE POLICY. HIS FRANKNESS IN STATING THEM, HE SAID, WAS NOT TO GIVE CURRENCY TO TALK OF ECONOMIC WARFARE BUT WAS RATHER AN EXPRESSION OF HIS CONFIDENCE THAT "OUR RELATIONSHIP IS HEALTHY AND INTIMATE ENOUGH TO BEAR SOME PLAIN SPEAKING." HE PREDICTED THAT NEXT YEAR SHOULD BE A YEAR OF FURTHER PROGRESS IN THE REDUCTION OF TRADE BARRIERS AND ONE OF RENEWED PROGRESS TOWARD A MORE OPEN WORLD ECONOMY. IF AN OPEN WORLD TRADING SYSTEM IS TO SURVIVE AND PROSPER, HE SAID, THE TRANS-ATLANTIC PARTNERSHIP BETWEEN THE UNITED STATES AND THE COMMUNITY IS OF PRIMORDIAL IMPORTANCE. "OVER THE PAST FEW YEARS WE HAVE MADE A GREAT DEAL OF PROGRESS TOGETHER IN GIVING OUR RELATIONS A NEW DEFINITION. CONSULTATION AND COOPERATION ACROSS THE ATLANTIC HAVE DEVELOPED Apace. IN THE CONDUCT OF THEIR MUTUAL ECONOMIC RELATIONS OVER THE PAST YEAR NEITHER THE COMMUNITY NOR THE UNITED STATES HAS AN IMMACULATE RECORD. NEITHER OF US IS IN A MORAL POSITION TO ADDRESS THE OTHER IN THE LANGUAGE OF TRUCULENCE, NOR CAN EITHER AFFORD TO ADOPT A BELLIGERENT TONE TOWARDS THE OTHER WITHOUT SERIOUSLY DAMAGING THE LONGER TERM INTERESTS OF BOTH. THE PARTNERSHIP BETWEEN EUROPE AND THE UNITED STATES HAS

ALWAYS WORKED BEST WHEN IT HAS BEEN GUIDED BOTH BY A LOFTY UNDERSTANDING OF OUR JOINT PURPOSES AND BY PRAGMATISM AND FLEXIBILITY WITH REGARD TO THEIR IMPLEMENTATION."

10.M.P. JAHN (CD-GERMANY) PRAISED SOAMES FOR HIS INTERVENTION AND PARTICULARLY FOR PUTTING US-EC TRADE RELATIONS IN A WORLD CONTEXT.HE CITED THE FORD ADMINISTRATION'S SUCCESSFUL RESISTANCE TO PROTECTIONIST PRESSURES AND ADDED THAT ONE NEED ONLY LOOK AT THE FIGURES ON THE BALANCE SHEETS OF UNITED STATES TRADE WITH THE COMMUNITY " TO SEE THAT HERBERT'S ARGUMENTS SIMPLY TO NOT HOLD WATER."

11.SCOTT HOPKINS (CONS.UK)ALSO LAUDED SOAMES AND SAID THERE WAS NO QUESTION WHATSOEVER OF THE US AND THE COMMUNITY ENTERING A TRADE WAR.HOWEVER,HE
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DID EXPRESS CONCERN WITH THE U.S POSITION ON SPECIALTY STEEL " ESPECIALLY NOW THAT WE CAN SEE LIGHT AT THE END OF THE TUNNEL AND ARE ENTERING A PERIOD OF EXPANSION." HE WONDERED IF SIR CHRISTOPHER AND THE COMMISSION COULD USE THE GOOD STATE OF RELATIONS BETWEEN THE US AND EC TO BRING ABOUT RELAXATION IN THE US POSITION IN REGARD TO SPECIALTY STEEL.

12.LANGE (SOC.GERMANY) TOOK HERBERT AND THE EUROPEAN PROGRESSIVE DEMOCRATS TO TASK FOR PRETENDING THAT "ONLY THE OTHER SIDE MAKES MISTAKES." HE CALLED UPON THE PARLIAMENT AND THE COMMUNITY TO "TAKE A HARD LOOK AT OURSELVES." WHILE THE AMERICANS,HE SAID, CRITICISE THE CAP AND THE VAT,WE ALSO CRITICIZE AMERICAN ACTIONS BOTH MUST LOOK TO REDUCING PROTECTIVE POSITIONS AND ATTITUDES IF " WE SINCERELY BELIEVE IN AN OPEN RELATIONSHIP." NOTE: LANGEJAHN AND SCOTT HOPKINS ARE VERAN PARTICIPANTS IN THE ANNUAL JOINT PARLIAMENTARY MEETINGS BETWEEN THE US HOUSE OF REPRESENTATIVES AND THE EUROPEAN PARLIAMENT.

13.IN RESPONDING THE THE MP'S ERMARKS,SOAMES TOLD THE HOUSE THAT WHEN THE SPECIALTY STEEL PROBLEM AROSE " WE MADE IT KNOWN STRAIGHT AWAY THAT THE US ACTION WAS ECONOMICALLY UNJUSTIFIED. SCOTT HOPKINS SAID HE HOPES THAT THE AMERICANS WILL RELAX THEIR POSITION.

I HOPE FOR MORE.I HOPE THEY WILL LIFT IT.I DON'T KNOW WHEN BUT WE FEEL IT IS GOING THAT WAY."

14. THE FULL TEXT OF SOAMES REMARKS ARE BEING SENT BY AIRGRAM.
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